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June 3, 1999

Ms. Magalie Roman Salas
Secretary, Federal Communication Commission
445 12th Street, N.W.
Washington, DC 20554

JUN 03 1999
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: Ex Parte Presentation of Covad Communications Company in

CC Docket No. 96-98, *In the Matter of Implementation of Sections 251 and 252 of the Telecommunications Act of 1996,*

CC Docket No. 98-147, *In the Matter of Deployment of Wireline Services Offering Advanced Telecommunications Capability*

CC Docket No. 98-141, *Merger of SBC Communications, Inc. and Ameritech Corp.*

CC Docket No. 98-184, *Merger of Bell Atlantic Corp. and GTE Corp.*

Dear Ms. Salas,

On June 3, 1999, James D. Earl and Thomas M. Koutsky of Covad Communications Company met with Stacy Pies, Jake Jennings, Margaret Egler, and Vincent Paladina of the Common Carrier Bureau, Policy Division; Jason Oxman and Caterina Alvarez, of the Office of Plans and Policy; and Rebecca Dorch, Office of Engineering and Technology to discuss issues outlined in the attached documents.

The discussion focused upon the need for the FCC to address unreasonable and discriminatory non-recurring charges for conditioning unbundled loops that Bell Atlantic and Ameritech are imposing upon CLECs that wish to deploy broadband xDSL services throughout the service territories of these two companies.

Because these issues present significant public policy concerns related to treatment of CLECs by Bell Atlantic and Ameritech, a copy of this *ex parte* notice is being filed in the FCC dockets regarding the SBC-Ameritech and Bell Atlantic-GTE mergers.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.206(a)(2) of the Commission's rules.

Sincerely,

A handwritten signature in black ink, appearing to read 'Thomas M. Koutsky', written over a horizontal line.

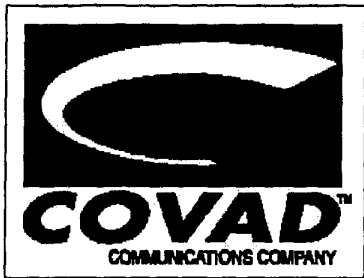
Thomas M. Koutsky
Assistant General Counsel
Phone: (202) 434-8902

cc w/out
attachments:

Stacy Pies, CCB
Jake Jennings, CCB
Magaret Egler, CCB
Vincent Paladini, CCB
Jason Oxman, OPP
Caterina Alvarez, OPP
Rebecca Dorch, OET

cc
w/attachments:

Lawrence Strickling, CCB
Robert Atkinson, CCB



DSL Loop Conditioning Costs: The Phantom Menace

Thomas M. Koutsky

James D. Earl

June 3, 1999

CC Docket Nos. 96-98, 98-147

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

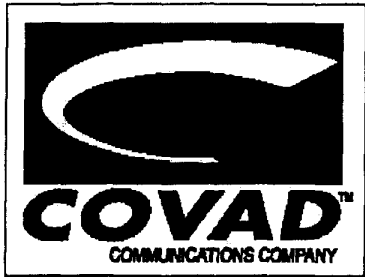
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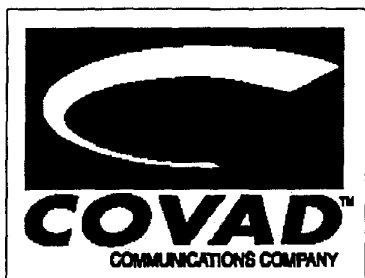
BA-NY Proposed Conditioning Rates

- \$1,464.36 to remove one load coil on a “short loop” (<21k feet)
- \$1,811.41 to remove one load coil on a “long loop” (up to 27 k feet)
- \$423.22 to remove one bridge tap
- \$204.32 simply to place the order for this work



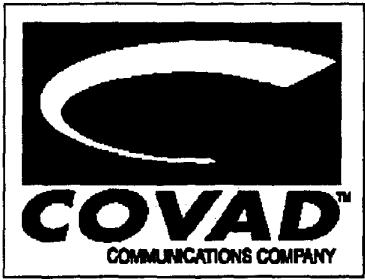
Discriminatory OSS Charges

- If Bell Atlantic has “pre-qualified” the central office then DSL “loop qualification” costs \$0.61 per loop
 - **BA only pre-qualifies offices where it is deploying DSL on retail basis**
- If Bell Atlantic has *not* pre-qualified the office then “loop qualification” costs \$62.03 per loop
 - **BA does not pre-qualify an office until it is ready to provide retail DSL there**



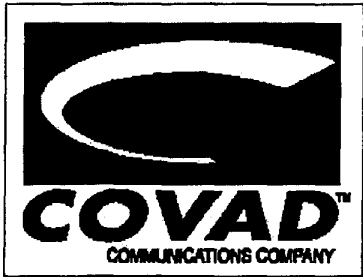
Bell Atlantic is not alone...

- Ameritech “special construction” charges...
 - **\$6346.04 to provide one loop.** Includes \$624 for “drafting”, \$352 for “engineer time”, \$3744 of labor, \$1626.04 of “common and shared cost”.
 - Other carriers have received per loop assessments of **\$90k-\$200k**
- Ameritech has not provided cost support for proposed work



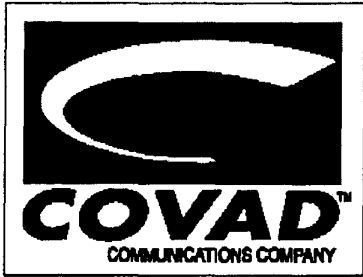
Loop-is-a-Loop Pricing

- FCC Rules require UNEs to be priced based on “most efficient”, forward-looking network
- The “Forward-Looking Network” includes Loops with Digital Capabilities
 - **Covad Comments in *UNE Remand*** (pp. 41-43)
 - **ALTS Comments in *UNE Remand*** (pp. 94-95)



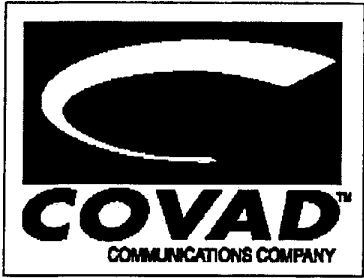
Prevent Double Recovery

- Forward looking, rates for Loops will include appropriate level of conditioning
 - **New York**
 - BA's "Premium Links" are priced based upon fiber-fed, already-conditioned loop
 - Nonsensical to assess actual/historic cost for conditioning of apx \$4k/loop *in addition to* higher "Premium" loop price
 - BA's filing comes on eve of 271 application and UNE Remand proceeding



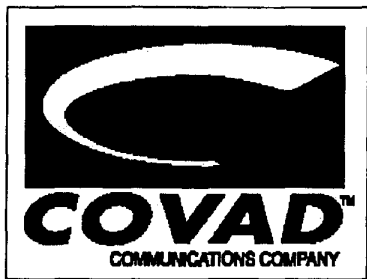
More on Double Recovery

- Michigan PSC Decision in U-11735
 - **Disallowed Ameritech's assessment of "special construction" charges on digital loops**
 - **The "long run, forward looking costs should incorporate normal, routine activities associated with the task of providing unbundled loops" (MPSC Order, Attachment 2 to Covad Comments)**



Prevent Discrimination

- Differential prices based solely upon service CLEC seeks to provide
- Conditioning charges limit consumer choice because of chance outside plant configuration
- Pernicious effect on competition
 - **Bell Atlantic: \$99 “install charge” for ADSL and \$29.95/month**
 - **CLECs: >\$4k “conditioning charge” and \$28.26/mth to BA for Premium loop**



Controlling the Menace

- In the UNE Remand proceeding, the FCC should reiterate that forward looking pricing principle requires Covad/ALTS loop-is-a-loop result.
- Act as Michigan PSC did and rule that conditioning charges are impermissible imposition of actual/historic cost standard on UNE pricing.
- Vigilance in Rocket Docket complaints regarding specific ILEC pricing schemes.
- Line Sharing as means of residential broadband entry and check on UNE loop rates

Bell Atlantic Network Services
222 Bloomingdale Road
Room 257
White Plains, NY 10605
914 644-4820 Fax 914 422-0919

Thomas Dreyer
Director - Account Management - CAP/CLEC
Telecom Industry Service



May 28, 1999

Ms Karen Moyer
President and GM- PA Region
Covad Communications
1264 St. Peter's Rd.
Pottstown, PA 19465

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Dear Ms Moyer:

Bell Atlantic Telecom Industry Services (TIS) is planning the introduction of "Digital Designed" Loop Offerings for unbundled loops. These "Digital Designed" Loop Offerings are available immediately throughout the BA footprint.

"Digital Designed" Loop Offerings have been introduced in response to CLEC requests for modifications to the Premium (BRI ISDN) and/or ADSL/HDSL compatible unbundled loop offerings that are in place today. "Digital Designed" Loops are newly designed loops that meet unique CLEC requests for loops over 18k ft. and/or for conditioned ADSL/HDSL or Premium (BRI ISDN) compatible unbundled loops.

"Digital Designed" Loop Offerings include requests for:

- 2W Digital Designed Metallic UNE Loop 18-30k ft with:
 - the removal of load coils
 - an option of 0k ft Bridged Tap
 - an option of less than 9k ft Bridged Tap
- 2W ADSL compatible UNE Loop less than 18k ft with:
 - an option of 0k ft Bridged Tap
- 2W ADSL compatible UNE Loop less than 12k ft with:
 - an option of 0k ft Bridged Tap
- 2W HDSL compatible UNE Loop less than 12k ft with:
 - an option of 0k ft Bridged Tap
- 4W HDSL compatible UNE Loop less than 12k ft with:
 - an option of 0k ft Bridged Tap

- 2W Digital Designed Metallic UNE Loop with ISDN loop extension electronics (2B1Q signaling)
 - Load coils must be removed with this option

The "Digital Designed" Loop offerings will carry terms, conditions, and rates that differ from other loop offerings currently in place. As a result, amendments to existing Interconnection Agreements between BA and CLEC's will be required prior to the ordering of these offerings. Your Account Manager can be contacted for the specific jurisdiction amendment that you may require. Ordering and provisioning guidelines can be obtained from your Account Manager as well. In the near future, the "Digital Designed" Loop offerings will be incorporated into the CLEC handbook and specific information will also be made available on the TIS WEB-site.

Agreements that are currently being negotiated will have the "Digital Designed" Loop offerings incorporated into the draft contract language.

Additional questions about these new offerings may be referred to your Bell Atlantic account manager.

Sincerely,

Thomas Dwyer

AMENDMENT NO. ____

to the

INTERCONNECTION AGREEMENT

between

BELL ATLANTIC – NEW YORK

and

[CLEC]

This Amendment No. ____ is made this ____ day of ____ 1999, by and between New York Telephone Company, dba Bell Atlantic – New York ("BA"), a New York corporation with offices at 1095 Avenue of the Americas, New York, New York 10036, and [CLEC] a ____ corporation with offices at ____ ("[CLEC]"). (BA and [CLEC] may be referred to individually as a "Party" and collectively as the "Parties").

WITNESSETH:

WHEREAS, BA and [CLEC] are Parties to an Interconnection Agreement under Sections 251 and 252 of the Telecommunications Act of 1996 dated ____ (the "Agreement"); and

WHEREAS, the Parties now desire to amend the Agreement to set forth the terms and conditions that govern BA's offering of loop conditioning and loop extensions;

NOW, THEREFORE, in consideration of the promises and mutual agreements herein contained, the Parties agree to amend the Agreement as follows:

1. *Delete existing Sections 11.2.8 and 11.2.9.*
2. *Add a new Section 11.2.8 as follows:*

11.2.8 "Digital Designed Loops" are comprised of designed loops that meet specific [CLEC] requirements for metallic loops over 18k ft. or for conditioning of ADSL, HDSL, or BRI ISDN (Premium) Loops. "Digital Designed Loops" may include requests for:

- A) 2W Digital Designed Metallic ULLs with total loop lengths of 18-30k ft., with options to remove load coils and bridged tap;
- B) 2W ADSL ULLs of 12k to 18k ft. with an option to remove bridged tap;
- C) 2W ADSL ULLs of less than 12k ft. with an option to remove bridged tap;
- D) 2W HDSL ULLs of less than 12k ft. with an option to remove bridged tap;
- E) 4W HDSL ULLs of less than 12k ft with an option to remove bridged tap;
- F) 2 W Digital Designed Metallic ULLs with BA-placed ISDN loop extension electronics; and
- G) Swap to a spare facility, where available.

BA shall make Digital Designed Loops available to [CLEC] at the rates as set forth in Exhibit A. These rates shall be considered interim in nature until they have been approved by the Commission or otherwise allowed to go into effect. If the Commission should require changes to the rates shown in Exhibit A as a condition to allowing such rates to go into effect, the Parties shall amend Exhibit A to reflect the rates prescribed by the Commission.

11.2.8.1 The following ordering and provisioning procedures shall apply to the Digital Designed Loops (Section 11.2.8., Items A-F):

- A. BA will pre-qualify ADSL, HDSL, and BRI ISDN ULLs to check for the availability of facilities and to ensure that the loop being provisioned meets the technical characteristics of a ULL able to provide compatible ADSL, HDSL, or BRI ISDN signals, as applicable. ([CLEC] may use such loops to offer SDSL or IDSL services, but neither BA's prequalification process nor its loop offerings are designed to ensure compatibility with such services or any services other than those set forth in the loop descriptions set forth above.) If the Central Office in question has not been pre-qualified on a mechanized basis, [CLEC] may request a Manual Loop Qualification. The rates for manual and mechanized loop qualification are shown in Exhibit A.
- B. If a loop does not qualify, [CLEC] may request further analysis of the loop via an Engineering Work Order to determine whether this result is due to the presence of load coils, excessive bridged tap, or loop length. The rates for Engineering Work Orders are shown in Exhibit A.

- C. BA will undertake to condition or extend the loop in accordance with this Section 11.2.8 upon receipt of [CLEC's] order for a Digital Designed Loop. [CLEC] shall place this order by delivering to BA a valid electronic transmittal service order (when available) or another mutually agreed upon type of service order. Such service order shall be provided in accordance with industry format and specifications or such format and specifications as may be agreed to by the Parties.

11.2.8.2 Where conditioning or loop extensions are requested by [CLEC], fifteen (15) business days will generally be required to complete the loop analysis and the construction work involved in conditioning/extending the loop, in addition to regular service installation intervals, as follows: Three (3) business days will be required following receipt of the Engineering Work Order to analyze the loop and related plant records, and to determine what conditioning or modifications may be required. Upon receiving [CLEC's] order for a Digital Designed Loop, BA will initiate the construction order to perform the changes/modifications to the ULL requested by [CLEC]. Except where extraordinary construction is required, no more than twelve (12) business days will generally be required to perform the necessary construction work. Once the analysis and conditioning tasks are complete, at the earliest possible time, but no more than seventy-two (72) hours from completion of the work, BA shall provide [CLEC] the firm order commitment date by which the ULLs covered by [CLEC's] service order will be installed.

11.2.8.3 If [CLEC] requires a change in scheduling, it must contact BA to issue a supplement to the original order. If [CLEC] cancels the request for conditioning after a loop analysis has been completed but prior to the commencement of construction work, [CLEC] will be responsible for an Engineering Work Order charge. If [CLEC] cancels the request for conditioning after the loop analysis has been completed and after construction work has started or is complete, [CLEC] will be responsible for an Engineering Work Order charge as well as the charges associated with the conditioning tasks performed.

3. *Add new pages to Exhibit A as appended hereto.*

Except for the foregoing, the terms and provisions contained in the Agreement shall remain in full force and effect. This Amendment may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be duly executed as of the date first set forth above.

BELL ATLANTIC -
NEW YORK

[CLEC]

By: _____

By: _____

Title: _____

Title: _____

Exhibit A

EXHIBIT A

INTRODUCTION TO NEW YORK PRICING SCHEDULE

Exhibit A contains rates the Parties shall charge on a reciprocal basis for the specific services identified herein.

Except as otherwise provided for in this Agreement, when the New York Public Service Commission approves actual rates in NYPSC Case Nos. 95-C-0657, 94-C-0095 and 91-C-1174, those rates shall apply to any network element or service provided by BA to [CLEC] under this Agreement.

If the Commission approves additional or different rates and/or rate structures at a later time, unless otherwise agreed to by the Parties herein, the rates and/or rate structures established by the Commission at a later time shall become the rates and/or rate structures established herein. The Parties agree that those rates and/or rate structures shall be applied prospectively only except where otherwise noted.

Exhibit A

**BELL ATLANTIC - NEW YORK AND [CLEC]
PRICING SCHEDULE**

I. Call Transport & Termination

Reciprocal Compensation for call termination:			
1a.	Blended Rate for Reciprocal Compensation Traffic delivered to a BA-IP or to a [CLEC] IP		\$0.008/minute of use (mou)
1b.	Rate for Reciprocal Compensation Traffic delivered to a BA-IP or to a [CLEC] IP		\$.004685*/mou (Day) End Office Termination \$.002051*/mou (Evening) End Office Termination \$.001603*/mou (Night) End Office Termination \$.010797*/mou (Day) Tandem Termination \$.004292*/mou (Evening) Tandem Termination \$.002731*/mou (Night) Tandem Termination Charged in accordance with Section 5.7, as appropriate.

Exhibit A

2.	Access charges for termination of intrastate and interstate Toll Traffic	Per BA FCC No. 1 interstate and New York PSC No. 918 intrastate access tariffs (charged in conjunction with Local Traffic, using PLU and PIU factors, as appropriate)
3.	Entrance facilities, and transport, as appropriate, for Interconnection at BA End Office, Tandem Office, Serving Wire Center, or other Point of Interconnection	Per New York PSC No. 914 tariff, BA FCC No. 1 interstate and New York PSC No 918 intrastate access tariffs

* All rates and/or rate structures set forth herein, that are marked with an asterisk ("*"), as applied to wholesale discount of retail Telecommunications Services, unbundled Network Elements or call transport and/or termination of Local Traffic purchased for the provision of Telephone Exchange Service or Exchange Access, shall be interim rates and/or rate structures. These interim rates and/or rate structures shall be replaced on a prospective basis by such permanent rates and/or rate structures (applicable to wholesale discount of retail Telecommunications Services, unbundled Network Elements or call transport and/or termination of Local Traffic purchased for the provision of Telephone Exchange Service or Exchange Access) as may be approved by the Commission and if appealed as may be ordered at the conclusion of such appeal. At such time as such permanent rates and/or rate structures have been approved by the Commission, the Parties shall append to this Exhibit an Exhibit AA, setting forth such rates and/or rate structures, which Exhibit AA the Parties shall update periodically as necessary.

Exhibit A**II. Intrastate Physical Collocation**

Pending approval of rates and/or rate structures filed for intrastate physical collocation, all intrastate physical collocation services shall be charged at rates found New York PSC Tariff No. 914.

III. Information Services Billing and Collection

- A. Information Service Billing Fee ("IP B&C Fee") \$0.05 per call
- B. Variable-rated Information Services rates:
 - (1) Access to BA IP Switching Platform \$0.03 per minute of use
 - (2) BA IP Rating Service \$0.03 per message

IV. Transit Service**A. Tandem Transit Service**

The rate for Transit Service is based upon the rates set forth in NYPSC No. 914 Tariff, as amended from time to time.

B. Dedicated Transit Service

The rates for Dedicated Transit Service are as set forth in NYPSC No. 914 Tariff, section 10.5.3.

V. Interim Telecommunications Number Portability**A. Monthly Recurring Charges**

Rate per Business Number = \$2
Rate per Residential Number = \$1

No additional charges shall apply for interim number portability, including additional per-path, per-port, or usage-related charges, except for third Party and collect calls.

B. Non-recurring charge

Rate = \$20 per ported number

Non-recurring charges only apply when interim number portability is ordered separately from an unbundled link.

Exhibit A**C. Access Revenues Associated with Ported Numbers**

In accordance with subsection 14.6 of the Agreement

VI. Unbundled Database Access**A. 800/888 Database**

Reciprocal Compensation (refer to I above) (charged to originating Party).

800 Database inquiry: as set forth in the NYPSC No. 916 Tariff, section 5.7.7 (B)

B. LIDB

LIDB Database Query as set forth in the NYPSC No. 916 Tariff, section 5.7.7 (C)

VII. Unbundled Local Loops

- A. Rates for all ULL types are as set forth in BA's NYPSC No. 916 Tariff, Section 5.5.2, as amended from time to time, subject to the provisions of Section 11 of this Agreement.
- B. Recurring and non-recurring rates for 2W ADSL and 2W HDSL compatible ULL's are as set forth in BA's NYPSC No. 916 Tariff, Section 5.5.2, as amended from time to time, for Digital 2W ULL's.
- C. Recurring and non-recurring rates for 4W HDSL compatible ULL's are as set forth in BA's NYPSC No. 916 Tariff, Section 5.5.2, as amended from time to time.
- D. Rates for the Digital Designed Loop offerings are interim as set forth until such time as the Commission adopts permanent rates. Upon Commission approval, Exhibit A will be amended, if necessary, to reflect the approved rates.

Standard Data Loop Offerings	REC	NRC
A. 2W ADSL compatible ULL (12k ft or 18k ft)	* Zone 1	*
	* Zone 2	*
B. 2W HDSL compatible ULL (12k ft)	* Zone 1	*
	* Zone 2	*
C. 4W HDSL compatible ULL (12k ft)	* Zone 1	*
	* Zone 2	*

Exhibit A

D. Manual Loop Qualification	62.03
E. Mechanized Loop Qualification	0.61

Digital Designed Loops	REC	NRC
A. 2W Digital Designed Metallic ULL 18-30k ft	* Zone 1	*
	* Zone 2	*
Removal of Load Coils (up to 21k ft)		1,464.36
Removal of Load Coils (up to 27k ft)		1,811.41
Removal of one Bridge Tap per request		423.22
Removal of Multiple Bridge Taps, per loop, per request		943.79
Engineering Work Order Charge		204.32
B. 2W ADSL Compatible ULL 12 to 18k ft	* Zone 1	*
	* Zone 2	*
Removal of one Bridge Tap, per request		423.22
Removal of Multiple Bridge Taps, per loop, per request		943.79
Engineering Work Order Charge		204.32
C. 2W ADSL Compatible ULL less than 12k ft	* Zone 1	*
	* Zone 2	*
Removal of one Bridge Tap, per request		423.22
Removal of Multiple Bridge Taps, per loop, per request		943.79
Engineering Work Order Charge		204.32
D. 2W HDSL Compatible ULL less than 12k ft	* Zone 1	*
	* Zone 2	*
Removal of one Bridge Tap, per request		423.22
Removal of Multiple Bridge Taps, per loop, per request		943.79
Engineering Work Order Charge		204.32
E. 4W HDSL Compatible ULL less than 12k ft	* Zone 1	*
	* Zone 2	*
Removal of one Bridge Tap, per request		423.22
Removal of Multiple Bridge Taps, per loop, per request		943.79
Engineering Work Order Charge		204.32
F. 2W Digital Designed Metallic ULL w/ISDN		

Exhibit A

Loop extension electronics		* Zone 1	*
		* Zone 2	*
Removal of Load Coils (Required)	(up to 21k ft)		1,464.36
Removal of Load Coils (Required)	(up to 27k ft)		1,811.41
Addition of Range Electronics			967.20
Engineering Work Order Charge			204.32
G. Pair Swaps			207.13
Engineering Work Order Charge			204.32
H. Manual Loop Qualification			62.03
I. Mechanized Loop Qualification			0.61

- Recurring and NRC's for the Digital Designed Loops are the same as all ULL types as set forth in BA's NYPSC No. 916 Tariff, Section 5.5.2, as amended from time to time, for 2W digital loops, subject to the Provisions of Section 11 of this Agreement.
- Collocation and collocation cross connects apply when the these ULL's are ordered.

VIII. Unbundled Network Interface Device

Rates for unbundled network interface device as set forth in BA's NYPSC No. 916 Tariff, section 5.2.3, as amended from time to time, subject to the provisions of Section 11 of this Agreement.

IX. Unbundled IOF

Rates for all unbundled IOF elements are as set forth in BA's NYPSC No. 916 Tariff, section 5.3.4, as amended from time to time, subject to the provisions of Section 11.

X. Unbundled Common Channel Signaling and Call-Related Database Access

Rates for all unbundled Common Channel Signaling and Call-related Database Access are as set forth in BA's NYPSC No. 916 Tariff, section 5.7.7, as amended from time to time, subject to the provisions of Section 11.

XI. Operations Support Systems

A. Rates for all access to, development, maintenance and use of Operations Support Systems, as related to the provision of unbundled Network Elements, are as set forth in BA's NYPSC No. 916 Tariff, section 5.9.1 as amended from time to time, subject to the provisions of Section 11.

Exhibit A

B. Rates for all access to, development, maintenance and use of Operations Support Systems, as related to the provision of Resale, are as set forth in BA's NYPSC No. 915 Tariff, as amended from time to time, subject to the provisions of Section 12.

C. Rates for all access to, development, maintenance and use of Operations Support Systems, as related to the provision of Interconnection, are as set forth in BA's NYPSC No. 914 Tariff, as amended from time to time, subject to the provisions of Section 4.

XII. 911/E911 Interconnection

Rates for interconnection to BA 911 or E911 hub tandem and access to subtending PSAPS are as set forth in BA's NYPSC No. 914, section 10.4.3, as amended from time to time.

XIII. Wholesale Discounts

Wholesale discounts are as set forth in the NYPSC Tariff No. 915, section 9.1.1, as amended from time to time.

Month- to- month discounts:

A. Where [CLEC] purchases BA-provided Operator Services

- (1) Business
- (2) Residence

B. Where [CLEC] does not purchase BA Operator Services

- (1) Business
- (2) Residence

XIV. Directory Assistance and Operator Services

Rates for Directory Assistance and Operator Services are as set forth in BA's NYPSC No. 916 Tariff, section 5.8.8, as amended from time to time. With respect to Directory Assistance Call Completion (DACC), Inward Operator Services, 0+/Mechanized Operator Calls, and 0-/Operator Handled Calls, these rates are in addition to the applicable UTTC, TTSC & UNRCC or UCRCC charges set forth in BA's NYPSC No. 916 Tariff.

A. Directory Assistance

Rates are as set forth in BA's NYPSC No. 916 Tariff, section 5.8.8(A), as amended from time to time.

Exhibit A**B. Inward Operator Services#**

Rates are as set forth in BA's NYPSC No. 916 Tariff, section 5.8.8(E), as amended from time to time.

C. 0+/Mechanized Operator Calls #

Rates are as set forth in BA's NYPSC No. 916 Tariff, section 5.8.8(D), as amended from time to time.

D. 0- Operator Handled Calls #

Rates are as set forth in BA's NYPSC No. 916 Tariff, section 5.8.8(C), as amended from time to time.

E. Operator Emergency Bulletin Service

- Per 132 LATA bulletin, per year \$81.18

F. TOPS Trunk Ports

Rates are as set forth in BA's NYPSC No. 916 Tariff, section 5.8.8(F), as amended from time to time.

G. IOF mileage for Dedicated Trunk

Rates are as set forth in BA's NYPSC No. 916 Tariff, section 5.3.4, as amended from time to time.

XV. Customer Usage Detail Charges:

Rates for Customer Usage Detail are as set forth in BA's NYPSC No. 916 Tariff, section 5.6.1.7(H), as amended from time to time.

XVI. Time and Materials Charges

Exhibit A

Rates for Time and Materials are as set forth in BA's NYPSC No. 916 Tariff, as amended from time to time.

XVII. Unbundled Local Switching

Rates for all unbundled local switching elements are as set forth in BA's NYPSC No. 916 Tariff, section 5.5.2, as amended from time to time, subject to the provisions of Section 11.

XVIII. Unbundled Tandem Switching

Rates for all unbundled tandem switching elements are as set forth in BA's NYPSC No. 916 Tariff, section 5.4.4, as amended from time to time, subject to the provisions of Section 11.



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June 3, 1999

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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VIA FED EX

Lawrence Malone, Esq.
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Albany, NY 12223-1350

Peggy Rubino
New York Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case No. 98-C-1357 and Case 97-C-0271

Dear Mr. Malone and Ms. Rubino:

Please consider this letter and the attached affidavit of Keith Markley on behalf of Covad Communications Company to be a response to Bell Atlantic's pricing proposal for loop conditioning and loop extensions.¹ Covad believes that this letter and affidavit have relevance to, at least, the Commission's 271 proceeding and the Linsider, UNE pricing proceeding.

BA proposes to assess additional charges, above and beyond the premium price CLECs already pay for digital loops, for virtually any and all activity that it claims must be done to outside plant to make loops digital-capable. BA proposes separate prices for:

- (1) Loop length of less than 12 kft;
- (2) Loop length of 12k to 18k ft;
- (3) Loop length of 18-30 k ft;
- (4) Removal of load coils up to 21 kft (**\$1,464.36**);
- (5) Removal of load coils up to 27 kft (**\$1,811.41**);
- (6) Removal of one bridge tap (**\$423.22**);
- (7) Removal of more than one bridge tap per loop, per request (**\$943.79**);

¹ BA has proposed rates for loop conditioning and loop extensions in the form of a proposed amendment to interconnection agreements. This document was circulated to CLECs on or about

- (8) Loop extension electronics (repeater)²;
- (9) Addition of range electronics **(\$967.20)**;
- (10) Swapping to a spare facility, where available **(\$207.13)**;
- (11) Engineering work charge to remove a bridge tap/load coil **(\$204.32)**;
- (12) Engineering work order charge for pair swaps **(\$204.32)**;
- (13) Engineering work charge to install range electronics **(\$204.32)**;
- (14) Manual loop qualification **(\$62.03)** and;
- (15) Mechanized loop qualification **(\$61)**.

The only "digital" loop offering that has been available in New York is the ISDN premium link that costs significantly more than an analog loop.³ This type of loop is supposedly guaranteed to support ISDN digital transmission. A loop that is capable of supporting ISDN is necessarily a loop that does not have any load coils on it, does not have any excess bridge taps, and, if the copper loop is more than 18,000 feet long, has a repeater or loop extension on it. Without these characteristics, the premium loop won't do what it is advertised to do: support ISDN.⁴ Importantly, these are the same characteristics that are needed for loops to support DSL.

The pricing that the New York Commission has set for premium loops also reflects these loop conditions. The Commission has determined that the efficient network configuration for a digital/premium loop is a *conditioned*, fiber-fed facility to the remote terminal – a loop that does not have load coils or excess bridge taps and that has a repeater if it is long.⁵ The question becomes, then, what have CLECs like Covad been getting for the higher or premium price they have been paying for "digital" loops?

Apparently, not much. BA's position is that CLECs should be taxed via a premium loop price just for the right to be able to provide data services over a loop. Covad would then need to pay additional, a la carte prices for actually getting a digital-capable loop. As Covad has attested to in its Affidavit of Michael Clancy in Case No. 97-C-0271, Covad has had problems obtaining from BA: long loops (loops in excess of 18,000 feet); removal of load coils; removal of excess bridge taps; loop information (loop qualification data) and; copper facilities where there is Digital Loop Carrier ("DLC") systems, among other things.⁶ These

² BA does not identify the price for a loop extension but has charged Covad over \$2,200 per repeater and conditioning.

³ In Covad's contract, BA-NY's premium loop prices range from \$21.02 to \$28.26 in contrast to analog loop prices that range from \$12.49 to \$19.24.

⁴ ISDN is roughly the same transmission speed as the lowest speed DSL service called IDSL. ISDN is a service that provides kbps of speed while IDSL provides kbps of speed.

⁵ Covad does not believe that a loop price differential is justified. A forward-looking network should support analog and digital services and that there should be no loop price difference for a loop that is being used to provide digital service.

⁶ If the loop is going to support anything more than ISDN, the loop would have to be fully copper. Where there is digital loop carrier systems, a loop that serves a customer may not be fully copper.

problems have been plaguing Covad's market entry since it began ordering loops in New York last year. To be sure, BA's interim pricing amounts to double recovery and should be disallowed. BA's pricing proposal is "death by a thousand cuts" – charging Covad and any other data CLEC for each and every characteristic of a loop that would make the loop capable of transmitting digital signals.

To make matters worse, BA botches installation or simply cannot deliver the goods. For the remaining loops that are "provisioned" by BA, Covad has experienced daunting loop installation problems that affect over 50% of "provisioned" loops. These problems include: defective loops; loops that weren't delivered; loops that aren't tagged or identified so that Covad can install its equipment at the customer's premises; and lack of facilities.

Covad strenuously objects to BA's unilaterally-imposed interim pricing and requests immediate assistance by the Commission in resolving this problem. Given the fact that the Linsider case contemplates the filing of cost studies supporting various UNE rates (including loop conditioning and loop extensions as proposed by BA) in September and the cost docket will not be resolved much before the end of this year, if then, CLECs and consumers will be competitively harmed by this interim pricing for the near future. Further, this pricing scheme is relevant to BA's hopes of getting Section 271 relief in that it will negatively impact the pace at which New York will see competition in advanced services.

Sincerely yours,


Susan Jin Davis
Assistant General Counsel
Covad Communications Company

cc: All Parties of Record
Judge Linsider
Judge Stein

but a fiber-copper mix: fiber running from the central office to the remote terminal and copper running from the remote terminal to the customer's premises. This situation can be remedied by allowing CLECs to access spare copper; to insert of suitable line cards at the remote terminal that can support speeds higher than ISDN or IDSL over the fiber-copper loop, or to allow CLECs to collocate at its remote terminals so that CLECs can have access to the copper portion of the loop that runs from the remote terminal to the customer's premises.

BEFORE THE
NEW YORK PUBLIC SERVICE COMMISSION

PETITION OF NEW YORK	:	
TELEPHONE COMPANY FOR	:	
APPROVAL OF ITS STATEMENT	:	
OF GENERALLY AVAILABLE TERMS	:	
AND CONDITIONS PURSUANT TO	:	
SECTION 252 OF THE	:	
TELECOMMUNICATIONS ACT OF	:	Case 97-C-0271
1996; AND DRAFT FILING OF	:	
PETITION FOR INTERLATA ENTRY	:	
PURSUANT TO SECTION 271 OF THE	:	
TELECOMMUNICATIONS ACT OF	:	
1996 TO PROVIDE IN-REGION,	:	
INTERLATA SERVICES IN THE STATE	:	
OF NEW YORK	:	

**AFFIDAVIT OF KEITH MARKLEY
ON BEHALF OF COVAD COMMUNICATIONS COMPANY**

1. My name is Keith Markley, President and General Manager of the Eastern Region for Covad Communications Company ("Covad"). My business address is 7799 Leesburg Pike, Suite 900N, Falls Church, Virginia 22043.
2. I have held the position of President and General Manager of Covad's Eastern Region since February, 1999. The Eastern Region is one of Covad's four regional operating units. Prior to that, Covad was divided into twelve operating regions, and I was President and General Manager of the mid-Atlantic region. I have been with Covad since June, 1998.
3. As President of the Eastern Region, I oversee Covad's business in a 14-state region ranging from Virginia in the south through Maine in the North. I am familiar with our sales efforts, customer relations, relations with the incumbent local telephone company, problems in providing service to our customers, the

structure and operations of our network, and the activities of our competitors.

I am familiar with Covad's business plan for the Eastern Region.

4. Prior to coming to Covad, I was General Manager for New England Fiber Communications, d/b/a, Brooks Fiber Communications. Prior to that, I was District Director for Advanced Radio Telecom.
5. Covad is a competitive local exchange company ("CLEC") that provides high-speed, secure, "always on" digital subscriber line ("DSL") service in New York. Covad's customers are Internet Service Providers ("ISPs") and corporations. Covad recently launched its residential DSL product that offers consumers high-speed connections to the Internet. Covad has a strategy to deploy broadband technology ubiquitously throughout the state of New York.
6. The purpose of my testimony is to respond to the prices that Bell Atlantic ("BA" or "BA-NY") has proposed for loop conditioning and loop extensions. I have attached BA's proposal as Attachment A to this testimony. BA proposes to assess additional charges, above and beyond the premium price CLECs already pay for digital loops, for virtually any and all activity that is done to outside plant to make loops digital-capable. BA proposes separate prices for:
 - (1) Loop length of less than 12 kft;
 - (2) Loop length of 12k to 18k ft;
 - (3) Loop length of 18-30 k ft;
 - (4) Removal of load coils up to 21 kft;
 - (5) Removal of load coils up to 27 kft;
 - (6) Removal of one bridge tap;
 - (7) Removal of more than one bridge tap per loop, per request;
 - (8) Loop extension electronics (repeater);
 - (9) Addition of range electronics;
 - (10) Swapping to a spare facility, where available;
 - (11) Engineering work charge to remove a bridge tap or load coil
 - (12) Engineering work order charge for pair swaps;

- (13) Engineering work order charge for addition of range electronics;
- (14) Manual loop qualification and;
- (15) Mechanized loop qualification.

The Commission should prohibit BA from charging these unjustified, extortionist rates and require BA to live up to its legal obligation to provide unbundled loops as required by Section 271's 14 point checklist and Covad's interconnection agreement. These rates are, frankly, an attempt by Bell Atlantic to impose an "actual" or "historic" cost pricing standard on the pricing of unbundled loops. This standard is precisely contrary to the forward-looking UNE pricing rules adopted by the FCC and this Commission.

- 7. I am also updating the record on BA's performance on loop installations for the month of May. Finally, I describe Covad's need for line-sharing.
- 8. Bell Atlantic has recently given CLECs including Covad proposed rates for loop conditioning and loop extensions in the form of an amendment to interconnection agreements. BA proposes that these prices be interim rates until such time as the Commission adopts permanent rates. As I understand it, the Commission is investigating rates for unbundled network elements and the schedule in that investigation contemplates the filing of cost studies in September, 1999 followed by evidentiary hearings. Based on this schedule, I assume that permanent rates may not be set until at least the end of this year and more realistically until next year. Thus, the proposed interim rates would be in effect for at least the next 8 months or more.

LOOP CONDITIONING AND LOOP EXTENSION PRICING

9. As testified previously and in detail by Michael Clancy, Covad has had serious problems getting unbundled loops from Bell Atlantic in New York. Covad has experienced basically two categories of loop problems: (1) problems getting loops that are DSL-capable and (2) problems getting quality and timely loop installations from BA. Both of these types of issues competitively harm Covad's ability to reach New York residential and business consumers.
10. Since it began ordering loops in New York, Covad has experienced rejections of or delays in orders that are: for copper loops in excess of 18,000 feet ("long loops"); for loops that have load coils; for loops that have excess bridge taps; and for loops that are served by digital loop carrier ("DLC"). Over the course of at least six months, Covad has attempted to resolve these issues with BA's Telecomm Industry Services ("TIS") group which is the organization that is supposed to support customers of BA's wholesale services like unbundled network elements. Covad has gotten nowhere fast with BA's TIS group. BA's initial position on long loops was that it simply wasn't required to provide loops in excess of 18,000 feet. Long loops need repeaters or distance extensions to assist or boost the signal across the length of the loop. Over time, BA's position has evolved to be that it will provide long loops for an extra charge. Nowhere in Covad's interconnection agreement with BA in New York (or any other state) is there any length limitation on access to unbundled loops. In Massachusetts where Covad first had a problem getting long loops,

Covad had to agree to pay an interim price of over **\$2,200 per loop** to get long loops. Now, in its most recent pricing proposal, BA assesses different charges for various loop lengths, under 12 kft, 12 to 18 kft, and 18 to 30 kft.

11. For loops that have load coils or excess bridge taps, BA has intermittently provisioned some of these loops but not without inordinate delay to remove these encumbrances. As Covad's loop volumes have increased over time, however, BA now takes the position that Covad must pay for each discrete activity that may have to be performed on a particular loop. As noted earlier, BA proposes separate charges for removal of load coils up to 21 kft, removal of load coils up to 27 kft, removal of one bridge tap, removal of multiple bridge taps, and work order charges for load coil and bridge tap removal.
12. A loop is a loop regardless of what the loop is being used to provide. In other words, Covad should be able to order an unbundled loop from BA and use it to provide whatever service it so desires without having to pay a different price or additional charges. In a true forward-looking network, outside plant would be constructed to support a mixture of analog and digital services. Thus, there should be no differential in pricing of a loop based on whether it is being used to provide analog or digital services. Indeed, it is discriminatory and directly contrary to FCC and this Commission's UNE pricing rules for BA to impose these actual (historic) costs on companies like Covad that seek to use these elements for advanced, digital services.
13. BA, on the other hand, would have the Commission believe that it has to develop or create different types of loop products based on how CLECs

intend to use the underlying facility. As BA presents it, analog loops, premium (ISDN) loops, long and short ADSL loops, long and short HDSL, to name a few, are each different loops that justify different prices. This position is self-serving in order to justify BA's desire to charge higher loop prices to data CLECs and to nickel-and-dime data CLECs for each and every aspect of making a loop DSL-capable. In reality, most loops (75% nationally) support both analog and digital service. The remaining loops need to be cleaned of the conditions that were placed on the loops by BA to support analog service. These aren't different loops. They are merely loops that have characteristics or conditions that impede or prevent digital transmission. Pricing loops used for analog services on a forward-looking basis while assessing a historic/actual cost standard on loops used for digital services is unlawfully discriminatory. It is also bad public policy – the price of an element should not vary simply because of the use to which that element is put.

14. Although it is Covad's position that it should be able to obtain a DSL-capable loop by simply ordering an unbundled loop (and paying one price for an unbundled loop), Covad made a conscious decision to order premium loops. This is because these loops were supposedly guaranteed to support ISDN or IDSL service. What this means is that the loop does not have load coils on it, does not have excess bridge taps on it, and, if the loop is long, has a repeater or loop extension electronics on it to assist the digital signal across the length of the loop. The same loop characteristics that are needed to support ISDN service support DSL service. Thus, even though there are a significant

number of loops that are less than 18,000 feet and that don't have encumbrances like load coils or excess bridge taps, Covad was willing to pay a premium price for unbundled loops for the time-being until the Commission examines DSL loop issues in more detail and resolves the pricing differentials. At the time that Covad began ordering unbundled loops in New York, premium loops were the only "digital" loops available.

15. Despite the fact that it has been ordering and continues to order premium loops, Covad has not received what it has paid for. BA's position has been that the premium loop price does not include "conditioning" activities such as removal of load coils and bridge taps and installing repeaters on long loops. During the last several months, BA has maintained that it is working on a loop conditioning product that would be available soon. Thus, BA's premium loop charge is being assessed on Covad merely because Covad is using unbundled loops to provide data rather than analog service – in essence, BA is assessing a DSL tax on these loops. And this DSL tax is not used by BA to do anything other than line its pockets. Furthermore, BA has told Covad that it cannot order analog loops even if no "conditioning" is needed on a particular loop. This pricing is discriminatory.
16. Moreover, BA's pricing scheme is double-recovery of the worst kind: Covad is charged a higher price for a premium loop that supposedly covers "loop conditioning" and then is charged again for specific acts of "loop conditioning."
17. Although Covad began having problems getting DSL-capable loops six months ago, BA has only recently – last week – presented a pricing vehicle to

actually obtain these loops with any guarantee that these loops would work as promised. BA's pricing proposal is outrageous.

18. For example, using Attachment A which is BA's proposed rates for "conditioning", the following non-recurring charges could hypothetically apply to one loop:

Premium loop price =	\$ 28.26 ¹
Removal of load coils up to 27 kft =	\$1,811.41
Removal of multiple bridge taps =	\$ 943.79
Work order charge for removal of load coils and bridge taps =	\$ 204.32
Addition of range electronics =	\$ 967.20 ²
Work order charge for range Electronics =	\$ 204.32
Manual loop qualification =	\$ 207.13
Total charge for one loop =	\$4,366.43

19. The effect of this pricing scheme is obvious. BA recently filed a tariff at the FCC that states that it will sell its Infospeed DSL Service for \$29.95 a month, with no conditioning charges and only a one-time \$99 installation fee. The implications of BA's Rube Goldberg-style pricing regime is obvious -- how CLECs like Covad compete against BA's Infospeed DSL Service with \$28.26 monthly loop charge and \$4,366.43 nonrecurring charge?

¹ BA breaks out loops based on length: 2W Digital Designed Metallic ULL 18-30 kft, 12 to 18 kft, and less than 12 kft but does not specify the different prices for these "types" of loops. For this hypothetical, Covad simply uses the Zone 2 digital loop price derived from its interconnection agreement with BA-NY.

² An additional charge for the range electronics may apply. BA notes that there are Zone 1 and Zone 2 loop extension electronics charges but does not specify the pricing. BA has charged Covad more than \$2,200 per loop for long loops.

20. BA also takes the position that the premium loop price does not include a guarantee of copper facilities. In other words, where there is DLC and there is spare copper lying next to the fiber, BA refuses to provision the copper facility instead of the fiber facility unless Covad pays an additional charge ("pair swap") of \$207.13 for the swapped copper facility and \$204.32 engineering work order charge. There is no justification for these "pair swap" charges. Assigning a copper rather than fiber loop to Covad would entail merely a system or OSS-type assignment. More troubling is the fact that BA pair swaps for its retail customers at no additional charge. In one situation in New York, Covad's customer received a fiber facility even though his neighbor, another Covad customer, received a copper facility. BA refused to resolve this problem for Covad but when the customer – who is also a BA retail local exchange service customer – asked BA to pair swap, BA did so quickly and without charge. This treatment is discriminatory and should be disallowed.

21. The real victims of BA's policies and practices are, of course, New York consumers who are unlucky enough to be served by a long copper loop or a copper-fiber loop – consumers to whom BA has decided not to ration bandwidth that it so tightly controls.

LINE-SHARING

22. BA has refused Covad's request for line-sharing. Line-sharing is where two services – analog and digital – share the same loop. Like any other transmission facility, the local loop can support transmissions on a number of

different frequencies. BA's voice and Infospeed DSL service already line-share – BA provides the voice service and an independent ISP resells the DSL service to the same customer. By putting a DSL (usually ADSL) signal “on top of” the analog voice channel, Bell Atlantic's Infospeed DSL Service is deployed in a manner similar to other ILEC ADSL services. A customer purchasing Infospeed DSL Service continues to receive his or her analog, circuit-switched voice service on the “lower” frequency bands, while the digital subscriber line service occupies the “higher” frequency (8 KHz or higher) bands. Commercial ADSL products (such as the emerging G.lite ADSL standard) contain a “buffer” that is designed to prevent interference between the analog POTS band and the digital band.

23. There are no technical impediments to allowing CLECs to line-share today.

When Bell Atlantic or another ILEC deploys DSL in this fashion, it must “split” the voice signal from the data signal somewhere in its network. The most logical place for this “split” to occur is in the serving wire center, or central office, where the copper loop terminates.³ To accomplish this split, a central office device known as a “POTS Splitter” receives the end user's “Combined Voice And DSL” loop on one side and sends out two signals on the other side—one signal containing analog traffic destined for Bell Atlantic's circuit switch and the other signal containing the digital traffic destined for the collocated Digital Subscriber Line Access Multiplexer (“DSLAM”).

³ Another potential location to split the signal is at a remote terminal or digital loop carrier location. Regardless of the location, the need for and ability to undertake the “split” remains.

24. After the digital traffic has passed through the POTS Splitter, there is no reason why the DSL traffic *must* go to Bell Atlantic's DSLAM only; the traffic also could go to any compatible DSLAM collocated in the same central office.
25. Line-sharing will eliminate the problems that Covad has experienced with BA's bad loop installations, late Firm Order Commitments and provisioning, and with the lack of facilities. More importantly, CLECs will not have to incur the cost of ordering a second loop to a customer's premises and will be able to compete on a level playing field with BA for DSL customers.
26. This concludes my testimony. I reserve the right to supplement my testimony as becomes necessary.



Keith Markley
President, Eastern Region
Covad Communications Company

Dated: June 3, 1999



Unbundled Loop Work Notification and Authorization

RECEIVED

Customer Name- COVAD COMMUNICATION

JUN 03 1999

Customer Fax Number-

Date Faxed-

05-21-99

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Voice Telephone Number-

Originator-

Purchase Order Number-

End User Name-

Service Order Number-

Facility Charges for-
MINIMAL

THERE ARE NO UNBUNDLED CABLE PAIRS. BRIDGE TAP IS

Equipment/Materials \$

Other \$ 624.00 (DRAFTING)

Tech Time \$ 3744.00 (3 DAYS X 2 MEN)

Engineer Time \$ 352.00

Common and Shared Cost \$ 1626.04

Total: \$ 6346.04

If Ameritech receives the acceptance by 05-21-99, the new Due Date will be 06-14-99. If any additional information regarding this order becomes available, we will bring it to your attention as soon as possible.

If you would like Ameritech to proceed with this order at the rates and charges specified above, please sign the acceptance line below.

Accepted by: _____

Date: _____

Declined by: _____

From: _____

Fax response to AHS (414) 227-6917

**Unbundled Loop Work Notification and Authorization**

Customer Name- COVAD COMMUNICATIONS

Customer Fax Number- Date Faxed- 05-19-99

Voice Telephone Number- [REDACTED]

Originator- [REDACTED]

Purchase Order Number- [REDACTED]

End User Name- [REDACTED]

Service Order Number- [REDACTED]

Facility Charges for- Placement of 2 Bri Cards, pushing universal litespan for 1 loop in the WK wire
center

Equipment/Materials \$ 912.00

Other \$

Tech Time \$ 1263.00

Engineer Time \$ 694.00

Common and Shared Cost \$ 991.00

Total: \$ 3860.00

If Ameritech receives the acceptance by 05-20-99, the new Due Date will be 06-03-99. If any additional information regarding this order becomes available, we will bring it to your attention as soon as possible.

If you would like Ameritech to proceed with this order at the rates and charges specified above, please sign the acceptance line below.

Accepted by: _____

Date: _____

Declined by: _____

From [REDACTED]

Fax response to AHIS (414) 227-6917